

Nordea

Russian Markets - Daily

November 29, 2011

RUB gained slightly vs. USD	USD/RUB	31.34	▼
Liquidity stays at low levels	EUR/RUB	41.83	▲
Interest rates are increasing	RUB basket	36.07	

Hot News

- The CBR has sold USD 1bn in November down from USD 5bn in October, said the first deputy Governor Ulyukayev. The decline of CBR interventions was associated with the relative RUB stability. According to Ulyukayev, there were still net capital outflows in November, but much lower than in October when it totalled USD 13bn. So far January-October capital outflows are recorded at USD 64bn and the CBR expects the total year outflows to reach USD 70bn. /Interfax
- "Russia's top lender Sberbank is expected to increase third quarter net profit to 75.7 billion roubles (\$2.40 billion) from 45.3 billion roubles a year ago thanks to a growing loan portfolio and net interest margin, a Reuters poll showed.
- Russia has practically finished its 2011 grain harvesting campaign, reaping 97.8 million tonnes of grain by bunker weight as of Nov. 28, the Agriculture Ministry said on Monday. The grain crop was up from 63.7 million tonnes a year ago, but down from the 101.9 million harvested by the same date in 2009, the statement said
- "Russian wheat export prices eased last week mainly on rising competition from neighbouring Ukraine and Kazakhstan as well as on the emergence of Argentina on the international markets, analysts said on Monday. Exporters lowered prices including delivery (CPT) to deep sea ports to 7,000-7,100 roubles (\$220-\$230) per tonne from 7,000-7,200 last week, SovEcon agricultural analysts said in a separate note.

Money Market

Liquidity has deteriorated further. Liquidity on deposit and correspondent accounts with the Central Bank is below 800 bn. rubles. Currently banks owed a CBR record RUB744 bn. which is more than during crisis of 2008 year. Tax payments have worsened situation. Banks increase activity on the REPO auctions and today Central Bank increased REPO limit to 1 trillion rubles (half – overnight, half – for one week). Interest rates will stay at high levels till the end of tax payment period. Situation can stabilize only in the middle of December along with budget money appearance.

Currency Market

The RUB basket continued to stay under the pressure. However EUR managed to increase versus RUB, in contrast with USD decline. Currency basket closed at 36.07 yesterday. External markets continued to increase on rumors that IMF is preparing help package, on rumors of increased probability of new FED easing. Moreover market is expecting new details of the leveraging of the European Financial Stability Facility. Risk aversion decreased again and this helped ruble. Also continuation of tax payments helps Russian currency as long as exporters aggressively sell USD and EUR. Central bank marginally intervenes into the currency market. The news that CBR has sold USD 1bn in November down from USD 5bn in October are in line with our expectations.

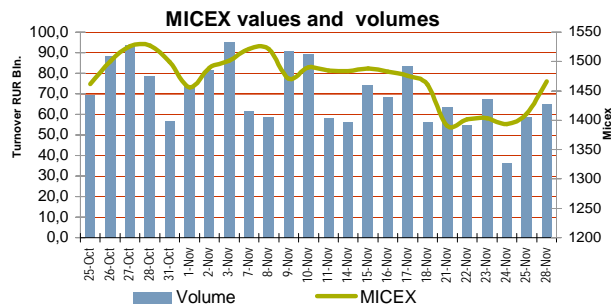
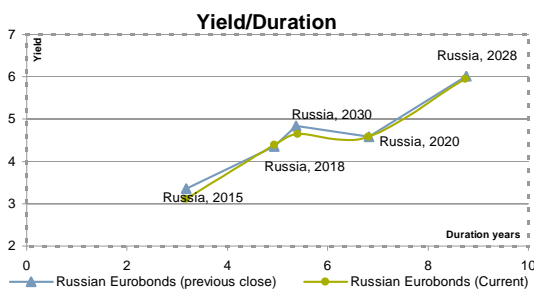
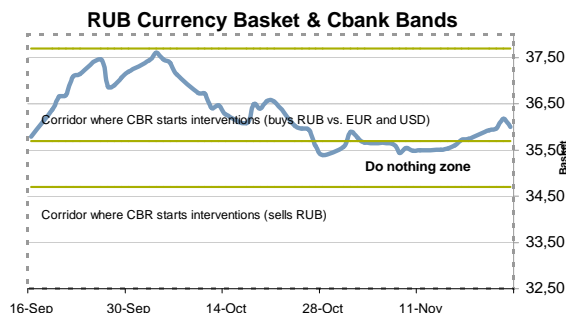
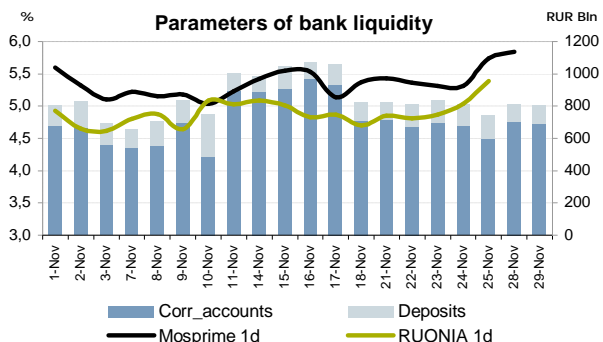
Debt and Equity Markets

Micex index increased by almost 4% on Monday and today market opened roughly on the same levels. Technically market has reached overbought zone and today we do not expect continuation of such a robust growth. But finally we see target at 1500 for Micex index during next few weeks.

Dmitry Savchenko +7 495 7773477
Aurelija Augulyte +45 3333 6437

Dmitry.Savchenko@nordea.ru
Aurelija.Augulyte@nordea.com

Forwards	1m.	3m.	6m.	
USD/RUB	31,495	31,794	32,242	
EUR/RUB	41,998	42,278	42,778	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	6,34	0	6,39	3,23
MIBOR 1m (%)	6,35	0	6,38	3,87
RUONIA 1d (%)	5,04	0,17		
Implied NDF yield 6m%	6,33	-0,32	8,48	3,42
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	273	-21	306,75	119
Eurobond Russia 30Y	4,614	-0,193	5,48	4,039
EMBI +	588,91	0,34	603,86	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1475,25	4,39	2123,56	1217,21
Micex	1466,22	3,93	1859,99	1265,67
S&P 500	1192,55	2,92	1363,61	1099,23
DJIA	11523,01	2,59	12810,54	10655,30
Brent	108,85	1,01	129,43	67,20



Nordea Markets is the name of the Markets departments of Nordea Bank Norge ASA, Nordea Bank AB (publ), Nordea Bank Finland Plc and Nordea Bank Danmark A/S. The information provided herein is intended for background information only and for the sole use of the intended recipient. The views and other information provided herein are the current views of Nordea Markets as of the date of this document and are subject to change without notice. This notice is not an exhaustive description of the described product or the risks related to it, and it should not be relied on as such, nor is it a substitute for the judgement of the recipient. The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision. It is important to note that past performance is not indicative of future results. Nordea Markets is not and does not purport to be an adviser as to legal, taxation, accounting or regulatory matters in any jurisdiction. This document may not be reproduced, distributed or published for any purpose without the prior written consent from Nordea Markets.